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INFO RUCPDC/DEPT OF COMMERCE WASHDC
RHEBAAA/DEPT OF ENERGY WASHINGTON DC
RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 0703
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STATE PLEASE PASS USAID
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DEPT FOR AF/S, ISN, EEB/ESC AND CBA
DOE FOR T.SPURL, G.PERSON, A.BIENAWSKI, M.SCOTT, L.PARKER

E.O. 12958: N/A
TAGS: [ENRG](#) [EPET](#) [SENV](#) [EINV](#) [SF](#)
SUBJECT: Energy Planning and Cooperation, With the Lights Out

REF: A) Pretoria 3674

B) Pretoria 3507
C) State 54683

¶1. (SBU) SUMMARY: Department of Minerals and Energy (DME) Deputy Director-General: Electricity and Nuclear Energy Nelisiwe Magubane met DOE Director for African and Middle Eastern Affairs George Person and Energy Officer on November 16 on the margins of the Corporate Council on Africa Business Summit, flying to Cape Town from Pretoria specifically for a meeting on bilateral energy cooperation. Person advocated increased bilateral energy cooperation in a range of areas. Magubane welcomed increased cooperation and described energy planning and electricity shortages. Magubane promised to identify dates for the planned meeting of a new Joint Standing Committee on Nuclear Energy Cooperation (but this bilateral did not otherwise cover nuclear issues - Ref A.) End Summary.

Next Steps on Energy Planning

¶2. (SBU) Magubane described the process for national energy planning, building from the September Energy Summit and consultations with stake-holders (Ref B). She said the new White Paper - Master Plan was under review and consultations with the Provinces for six months. Then, it would be reviewed by cabinet for about six months. Finally, the new white paper would be presented to Parliament via the Portfolio Committee on Minerals and Energy.

¶3. (SBU) Magubane summarized the plan as targeting a change in South Africa's energy mix from overwhelmingly coal to a mix of 60 percent coal, 10 percent gas, and 25 percent nuclear. She said the SAG was striving to increase the role of demand side management, renewable energy, and energy efficiency. Magubane pointed out that the DME is tasked with energy policy and planning, while the Ministry of Public Enterprises serves as state share-holder for state electricity supplier Eskom.

Electricity Woes - Wet Coal Excuse is Bogus

14. (SBU) Magubane cited challenges for South Africa's grappling with growth-driven electricity shortages, leading Eskom to forecast 5-8 years of load-shedding until it brings on new supply. She expressed frustration with Eskom's seeming ineptitude in handling recent problems. She surmised that there was miscommunication between management and technical personnel, citing the absurd claim that "wet coal" had been a cause of recent power outages. Magubane said the outages were due to a combination of demand growth, supply chain delays in new plants, planned maintenance, and unforeseen plant problems.

15. (SBU) Magubane recognized that electricity is priced too cheaply (1-2 U.S. cents per kilowatt-hour), hampering the SAG's ability to put in place demand-side management, incentives, and smart metering systems. She pointed out that Eskom's new build and new private Independent Power Producers (like AES, in the running as "preferred bidder") would benefit from higher priced take-or-pay contracts. She said the SAG should look at fuel switching, cogeneration, and QShe said the SAG should look at fuel switching, cogeneration, and developing a gas market.

Areas of Potential Cooperation

16. (SBU) Magubane thanked Person for the effort that went into making the visit of her delegation to Washington D.C. last April a success. She and Person identified skills development, energy efficiency, renewable energy, and energy planning/modeling as areas of potential cooperation (without delving into nuclear energy cooperation).

17. (SBU) Magubane promised Energy Officer that she would consult with the SAG to identify dates for the launch of the Joint Standing

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Committee on Nuclear Energy Cooperation (JSCNEC), as agreed during the April visit and reaffirmed recently (Refs A and C). Embassy followed up with a request for this information by diplomatic note.

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